GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Visakhapatnam Chennai Industrial Corridor Development Program (VCICDP) – Asian Development Bank MFF Loan No.4312 IND – Administrative Sanction for Tranche-II of VCICDP for an amount of USD214.80Mns (INR1758.99 Crores Rupees One Thousand Seven Hundred Fifty Eight Crores and Ninety Nine Lakhs only) – Orders – Issued.

INDUSTRIES & COMMERCE (INFRA) DEPARTMENT

G.O.Rt.No.143 Dated: 21.08.2023.

Read the following:

1. G.O.Rt.No.328, Ind. & Comm. (Infra) Department, dt.16.11.2017.
2. G.O.Rt.No.204, Ind. & Comm. (Infra) Department, dt.13.12.2022.
3. From the Project Director, VCICDP-PMU, Single e-file No.INC02/ 50/ 2022-PMU-VCIC-Part(2) (Computer No.2111565).

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O R D E R:

The Asian Development Bank has approved the Visakhapatnam–Chennai Industrial Corridor Development Program (VCICDP) on 20.09.2016 comprising Multi Tranche Financing Facility (MFF 0093-IND) of $500 million, Policy Based Loan (PBL Loan 3424-IND) of $125 million, and Capacity Building TA (TA 9173- IND) of $1.0 million. Subsequently, ADB approved on 26 September 2016 Project 1 of the MFF comprising a loan (Loan 3430-IND) of $ 245 million, and a grant fromthe Urban Climate Change Resilience Trust Fund (UCCRTF)(Grant 0495-IND) of $5 million.

2. In the G.O. 1st read above, Administrative Sanction has been accorded for **Tranche-I** of the VCICDP for an amount of Rs.3187.80 Crs. The Physical Progress of Tranche-I is 64.63% and the Financial Progress is 47.96%.

3. In the G.O. 2nd read above, Administrative Sanction has been accorded for 7 sub-projects to be implemented in **Tranche-II** of VCICDP.

4. In his proposal 3rd cited, the Project Director, VCICDP., has informed that the Project Agreement and the Loan Agreement (Loan No 4312-IND) have been signed on 23.05.2023.

- Government of Andhra Pradesh and the Asian Development Bank have signed the Project Agreement of the Tranche-II of VCICDP on 23.05.2023.
- Government of India and the Asian Development Bank have, signed the Loan Agreement **(Loan No. 4312-IND)** of Tranche-II of VCICDP on 23.05.2023.

P.T.O

The salient features of the Tranche-II (Project-2 of VCICDP) are as follows:

Project Objective:

The VCIC-DP will complement the ongoing efforts of the Government of Andhra Pradesh (GoAP) to enhance industrial growth and create high-quality jobs. The second MFF tranche for project 2 will enhance VCIC infrastructure, with a focus on prioritized industrial nodes in Visakhapatnam and the Srikalahasti– Chittoor. The Department of Industries and Commerce (DOIC) remains the executing agency of project 2, and APIIC and APRDC are the implementing agencies.

The Project Financing Plan:

Item		Amount (USD Mns)
A.	Base Cost	
	Visakhapatnam Industrial Node Infrastructure Strengthened	103.27
	Srikalahasthi – Chittoor Industrial Node InfrastructureStrengthened	74.29
	Sustainable, Green and Integrated Industrial Development enhanced	2.22
	Sub Total – A	179.78
B	Contingencies	21.98
C	Financial Charges during implementation	13.04
	TOTAL (A+B+C)	**214.80**

- Exchange Rate: 1 USD = INR 81.89.

Project Out puts:

S.No.	Out puts
1	Visakhapatnam Industrial Node Infrastructure Strengthened
2	Srikalahasthi – Chittoor Industrial Node Infrastructure Strengthened
3	Sustainable, Green and Integrated Industrial Development enhanced

Detailed Cost Estimates by the Financier:

Item		Total Cost	ADB's Loan		GoAP's Share			
			USD	%	Tax	Non-Tax	Total	%
A	**INVESTMENT COSTS**							
1	Civil Works	158.04	134.80	85.3	23.24	0.00	23.24	14.7
2	Land Acquisition and R&R	14.09	0.00	0.00	0.00	14.09	14.09	100
3	Consulting Services & Skill Development	5.88	4.99	84.7	0.90	0.00	0.90	15.3
	Sub-Total – A	**178.01**	**139.79**	**78.5**	**24.14**	**14.09**	**38.22**	**21.5**

B	**Recurring Costs**							
1	Incremental Administrative Costs	1.77	1.33	75.0	0.00	0.44	0.44	25.0
	Sub Total – B	**1.77**	**1.33**	**75.0**	**0.00**	**0.44**	**0.44**	**25.0**
	TOTAL BASE COST	**179.78**	**141.12**	**78.5**	**24.14**	**14.53**	**38.67**	**21.5**
C	**Contingencies**							
1	Physical Contingencies	7.90	0.00	0.0	0.00	7.90	7.90	100
2	Price Contingencies	14.08	0.00	0.0	0.00	14.08	14.08	100
	Sub-Total - C	**21.98**	**0.00**	**0.0**	**0.00**	**21.98**	**21.98**	**100**
D	**Financing Charges**							
1	Interest During Implementation	12.58	0.00	0.0	0.00	12.58	12.58	100
2	Commitment Charges	0.46	0.00	0.0	0.00	0.46	0.46	100
	Sub-Total – D	**13.04**	**0.00**	**0.0**	**0.00**	**13.04**	**13.04**	**100**
Total Project Cost (A+B+C+D)		**214.80**	**141.12**	**65.7**	**24.14**	**49.55**	**73.68**	**34.3**

- Advance Fund Procedure will be followed.
- Statement of Expenditure (SOE) procedure will be used for reimbursement / replenishment of eligible expenditures.

Disbursement condition:

No funds will be disbursed by ADB under the Advance fund procedure, until the assessment of the comprehensive financial management system (CFMS) has been completed and the underling control and reporting features related to the sub-advance ledger account have been deemed acceptable to ADB.

Schedule of submission of Audit Reports:

Audited Project Financial Statements (APFS)	6 months after the end of the Fiscal Year (30th September of each year)
Audited Entity Financial Statements (AEFS) – APIIC	1 month after approval of the relevant authority but not later than 7 months after the end of Fiscal Year
Audited Entity Financial Statements (AEFS) - APRDC	1 month after approval of the relevant authority but not later than 7 months after the end of Fiscal Year

Retroactive Financing is applicable

Project Management & Supervision Consultancy (PMSC):

The existing PMSC shall continue to carryout the tasks related to PMSC of the project components of Project-2 (tranche-II)

Finance Plus Support:

The PMSC shall support certain specific soft components (8 components) as additional scope of work.

Institutional and Implementation Arrangements:

The State Level Project Steering Committee constituted at apex level for VCICDP will oversee and monitor the overall progress of the program. The Department of Industries and Commerce (DOIC) is the executing agency, and a Program Management Unit (PMU), under the Commissioner of Industries (COI), is responsible for planning, implementation, monitoring and supervision, and coordination of all activities under the VCICDP. Project Implementation Units (PIUs) have been established in Andhra Pradesh Industrial Infrastructure Corporation (APIIC) and Andhra Pradesh Road Development Corporation (APRDC);

Procurement:

All procurement of goods and works will be undertaken in accordance with ADB's procurement guidelines (2017, (as amended from time to time). Before the start of any procurement, ADB and the Government will review the procurement procedures of the relevant agencies (DOIC, PMU and PIUs) to ensure consistency with ADB's procurement guidelines (2017, as amended from time to time), and audit and disbursement procedures of the relevant agencies (Finance Department, Audit Office, DOIC, PMU, PIUs) to ensure consistency with ADB's disbursement procedures.

Financial Management and Fund Flow:

Budget lines for VCICDP were created under –

- 4875-60-M.H 800-GH03-SH(12)-530/531(APIIC –Tranche-II-ADB's Share),
- 4875-60-M.H 800-GH03-SH(13)-530/531(APRDC-Tranche-II -ADB's Share),
- 4875-60-M.H 800-GH03-SH(22)-530/531(APIIC-Tranche-II-GoAP's Share),
- 4875-60-M.H 800-GH03-SH(23)-530/531(APRDC-Tranche-II-GoAP's Share)

Based on the annual action plan the respective executive agencies will receive funds from the Government of A.P. through Works-PAO system or Treasury/ PAO system as the case may be in accordance with the G.O.Ms.No.297 Finance (TFR-I)Dept., dt.10.10.2006.

5. The Project Director, VCICDP, has therefore, requested the Government to accord Administrative Sanction for the Tranche-II of VCICDP for an amount of USD214.80Mns (INR1758.99Crs - Rupees One Thousand Seven Hundred Fifty Eight Crores and Ninety Nine Lakhs only) out of which, the loan from the Asian Development Bank is USD141.12 Mns. (INR1155.63 Crores -Rupees One Thousand One Hundred Fifty Five Crores and Sixty Three Lakhs only) and the share of the Government of Andhra Pradesh is USD73.68 Mns.(INR603.36 Crores - Rupees Six Hundred and Three Crores and Thirty Six Lakhs only). [Exchange Rate: 1 USD = INR81.89]

6. Government after careful consideration, hereby accord Administrative Sanction to the "Tranche-II of VCICDP for an amount of USD214.80Mns (INR1758.99 Corers Rupees One Thousand Seven Hundred Fifty Eight Crores and Ninety Nine Lakhs only) out of which, the loan from the Asian

Development Bank is USD141.12Mns., (INR1155.63 Crores -Rupees One Thousand One Hundred FiftyFive Crores and Sixty Three Lakhs only) and the share of the Government of Andhra Pradesh is USD73.68 Mns.(INR603.36 Crores - Rupees Six Hundred and Three Crores and Thirty Six Lakhs only, duly reiterating the approval accorded earlier as indicated below:

a) The Project cost is USD 214.80 Mns (Rs.1758.99 Crores) with Lender shareUS$141.12M (Rs.1155.63 Crores) and State Share USD 73.68 Mns. (Rs.603.36 Crores) including land acquisition.
b) The Land acquisition cost shall be borne by APIIC.
c) The overall project cost shall not exceed Rs.1758.99 Crores and any savings due to forex fluctuations shall be surrendered to prevent commitment charges.

7. The Secretary to Government & CIP., Industries & Commerce Department, shall approve the annual action plan for the Development Program. The Project Director, VCICDP-PMU and PIUs shall take necessary action for the implementation of the Project.

8. This order issues with the concurrence of Finance (PMU) Department, Vide their U.O. No.FIN01-FMU0PC(IC)/29/2023-FMU-IIEIC, dated:11.08.2023. (Computer No.2138478).

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N. YUVARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Project Director, Visakhapatnam Chennai Industrial Corridor Development Program Project Monitoring Unit, Yenikipadu, Vijayawada.
The Accountant General, Andhra Pradesh, Vijayawada.
The Director of Treasuries and Accounts, Mangalagiri.
The Director (Works & Accounts), Mangalagiri
The Pay and Accounts Officer, Mangalagiri
The Collector & District Magistrate, Visakhapatnam, Anakapalli, East Godavari, Krishna and SPSR Nellore, Tirupati, Chittoor, Kurnool, YSR District.

Copy to:
The Commissioner of Industries, APIIC Towers, Mangalagiri.
The VC&MD., APIIC Limited, APIIC Towers, Mangalgiri.
The Commissioner, GVMC, Visakhapatnam.
The Managing Director, APRDC, Vijayawada.
The C&MD, APTRANSCO, Vijayawada.
The P.S to Secretary to Govt., & CIP, I&C Dept.,
The P.S. to Special Chief Secy. to Govt., Revenue (LA) Dept.,
The P.S. to Special Chief Secy. to Govt., MA&UD Dept.
The P.S.to Special Chief Secy. to Govt., I&I Dept.,
The P.S. to Secy. to TR&B Dept.
The Finance (FMU - I&I, I&C & Energy) Dept.

//FORWARDED::BY ORDER//

SECTION OFFICER